

SEVIER COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2004

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sevier County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sevier County as of December 31, 2004, respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2005, on our consideration of Sevier County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison schedules on pages 6 through 14, 54 and 55 through 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Board of County Commissioners
Sevier County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sevier County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Sevier County. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2005
Richfield, Utah

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Sevier County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2004. This report is in conjunction with the County's financial statements. All amounts, unless otherwise indicated, are expressed in **thousands of dollars**.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- ◆ The assets of Sevier County exceeded its liabilities as of the close of the most recent year by \$39,060 (*net assets*). Of this amount, \$11,437 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$1,658. The revenues and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Sevier County governmental funds reported combined ending fund balances of \$13,150 an increase of \$916 in comparison with the prior year. Approximately 79 percent of this total amount, \$10,337 is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$3,740, or 51 percent of total general fund expenditures.
- ◆ Sevier County's total debt decreased by \$695.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sevier County's basic financial statements. Sevier County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Sevier County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Sevier County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sevier County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sevier County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sevier County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activity of Sevier County is the landfill operation.

The government-wide financial statements include not only Sevier County itself (known as the primary government), but also two legally separate special service districts, one for highways and bridges and the other for economic development, for which Sevier County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Landfill operations for all practical purposes function as a department of Sevier County, and therefore has been included as an integral part of the primary government.

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sevier County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sevier County can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sevier County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

public health fund, B-Road fund and capital projects fund all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Sevier County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Sevier County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Sevier County uses an enterprise fund to account for its landfill operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the landfill, which is considered to be a major fund of Sevier County.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Sevier County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sevier County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sevier County, assets exceeded liabilities by \$39,060 at the close of the most recent calendar year.

The largest portion of Sevier County's net assets (64 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sevier County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sevier County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Sevier County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	13,579	12,582	1,304	1,159	14,883	13,741
Capital assets	38,161	38,104	762	913	38,923	39,017
Total assets	51,740	50,686	2,066	2,072	53,806	52,758
Long-term Liabilities outstanding	12,495	13,000	953	1,009	13,448	14,009
Other liabilities	1,191	1,246	107	101	1,298	1,347
Total liabilities	13,686	14,246	1,060	1,110	14,746	15,356
Net Assets:						
Invested in capital assets, net of related debt	24,904	24,206	(264)	(330)	24,640	23,786
Restricted	2,897	2,336	87	85	2,372	2,421
Unrestricted	10,253	9,898	1,183	1,207	12,048	11,105
Total net assets	38,054	36,440	1,006	962	39,060	37,402

A portion of Sevier County's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11,437) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sevier County is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

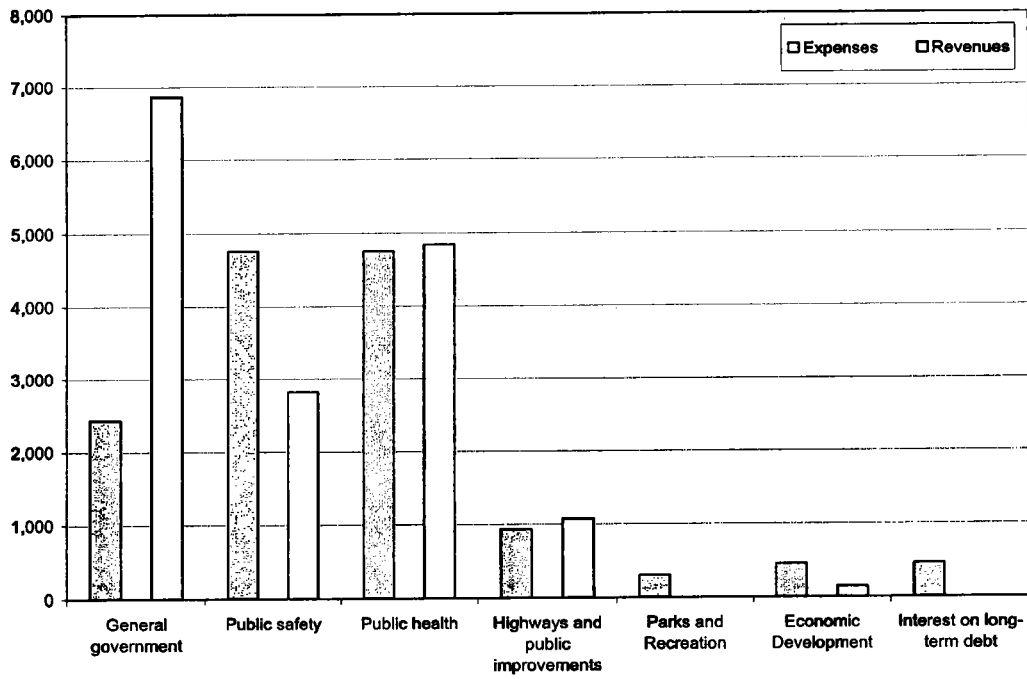
Governmental activities

Governmental activities increased Sevier County's net assets by \$1,614. Key elements of this increase are as follows:

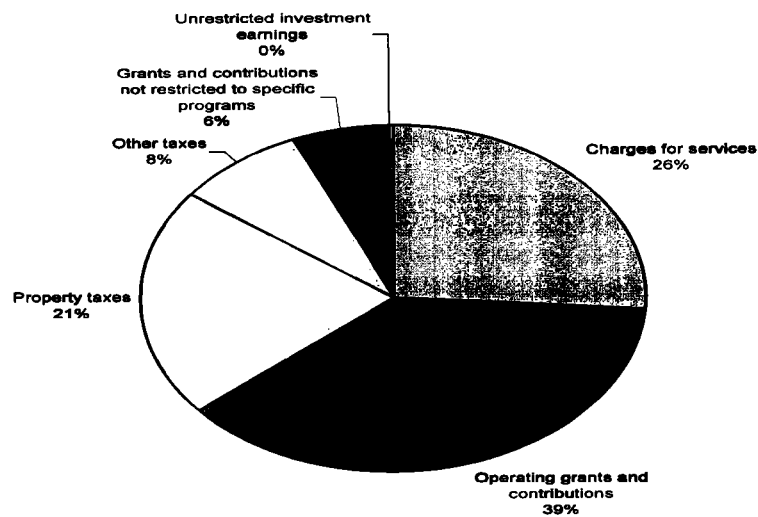
Sevier County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program Revenues:						
Charges for services	4,094	4,644	538	583	4,632	5,227
Operating grants and contributions	5,891	7,033			5,891	7,033
General revenues:						
Property taxes	3,362	2,763			3,362	2,763
Other taxes	1,311	1,691			1,311	1,691
Grants and contributions not restricted to specific programs	952	931			952	931
Gain (Loss) on sale of fixed assets	(51)				(51)	
Unrestricted investment earnings	185	170	21	20	206	190
Other	0	0			0	0
Total revenues	<u>15,745</u>	<u>17,232</u>	<u>559</u>	<u>603</u>	<u>16,304</u>	<u>17,835</u>
Expenses:						
General government	2,431	4,774			2,431	4,774
Public safety	4,761	4,684			4,761	4,684
Public health	4,758	4,324			4,758	4,324
Highways and public improvements	933	908			933	908
Parks and Recreation	306	297			306	297
Economic Development	455	418			455	61
Interest on long-term debt	462	536			462	418
Landfill			540	474	540	536
Total expenses	<u>14,105</u>	<u>15,941</u>	<u>540</u>	<u>474</u>	<u>14,645</u>	<u>16,415</u>
Increase in net assets before transfers	1,639	1,291	19	129	1,658	1,420
Transfers	(25)	(25)	25	25	0	0
Increase in net assets	1,614	1,266	43	154	1,658	1,420
Net assets - beginning	<u>36,440</u>	<u>35,174</u>	<u>962</u>	<u>808</u>	<u>37,402</u>	<u>35,982</u>
Net assets - ending	<u>38,054</u>	<u>36,440</u>	<u>1006</u>	<u>962</u>	<u>39,060</u>	<u>37,402</u>

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



For the most part, overall revenues remained constant.

Business-type activities

Business-type activities remained fairly constant resulting in an increase of net assets for the year.

Financial Analysis of the Government's Funds

As noted earlier, Sevier County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Sevier County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Sevier County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Sevier County's governmental funds reported combined ending fund balances of \$13,150 an increase of \$916 in comparison with the prior year. Approximately 78 percent of this amount (\$10,253) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements (\$2,120), 2) to drug enforcement (\$366), 3) scholarships (\$1) and 4) bond reserves (\$326), 5) landfill postclosure (\$83,726).

The general fund is the chief operating fund of Sevier County. At the end of the current year, unreserved fund balance of the general fund was \$3,656, while total fund balance reached \$4,107. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 49 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount.

Proprietary funds

Sevier County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the landfill at the end of the year amounted to \$1,183.

General Fund Budgetary Highlights

The original budget and the final amended budget stayed approximately the same.

Capital Asset and Debt Administration

Capital assets

Sevier County's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$38,161 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways and bridges. The total increase in Sevier County's investment in capital assets for the current year was \$58.

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Sevier County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	1,584	1,584			1,584	1,584
Infrastructure	24,029	24,029			24,029	24,029
Buildings	9,946	10,228	239	245	10,185	10,473
Improvements other than buildings	741	767	260	284	1,000	1,051
Equipment	1,861	1,495	263	384	2,124	1,879
Construction in Progress						0
Total	<u>38,161</u>	<u>38,103</u>	<u>761</u>	<u>913</u>	<u>38,923</u>	<u>39,016</u>

Additional information on Sevier County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Sevier County had total bonded debt outstanding of \$12,678. The debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources (i.e. revenue bonds).

Sevier County's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenue Bonds	5,482	6,227	1,009	1,064	6,491	7,291
G. O. Bonds	7,196	7,477			7,196	7,477
Total	<u>12,678</u>	<u>13,704</u>	<u>1,009</u>	<u>1,064</u>	<u>14,696</u>	<u>14,768</u>

Sevier County issued \$3,715 of Lease Revenue Refunding Bonds to refund \$3,748 of the 1995 USDA Rural Development Revenue Bonds issued in the amount of \$4,400. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column in the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$33. The advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$367 and resulted in the economic gain of \$297.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the county. The current debt limitation for Sevier County is \$22,286. Sevier County has general obligation debt of \$7,196.

Additional information on Sevier County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- ◆ The unemployment rate for Sevier County is 5.4 percent, which is a slight increase from a rate of 5.1 percent a year ago. This is higher than the state's average unemployment rate of 5.3 percent and lower than the national average rate of 5.6 percent.
- ◆ The value of new residential construction increased by approximately 7 percent. Non-residential construction increased by approximately 50 percent indicating a deceleration in our economic activity.

All of these factors were considered in preparing Sevier County's budget for the 2005 year.

Requests for Information

This financial report is designed to provide a general overview of Sevier County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sevier County Clerk/Auditor, 250 North Main, Richfield, Utah, 84701.

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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**SEVIER COUNTY
STATEMENT OF NET ASSETS**

December 31, 2004

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	11,821,987	1,217,205	13,039,192	384,905
Accounts Receivable (Net)	251,478	-	251,478	60,242
Due From Other Government Units	578,203	-	578,203	-
Bond Issuance Costs	150,617	-	150,617	-
Total Current Assets	12,802,285	1,217,205	14,019,490	445,147
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	776,897	86,726	863,623	-
Capital Assets (Net of Accumulated Depreciation):				
Land	1,584,130	-	1,584,130	-
Buildings	9,945,864	239,271	10,185,135	-
Improvements Other Than Buildings	740,798	259,658	1,000,456	-
Equipment	1,861,388	262,780	2,124,168	-
Infrastructure	24,029,082	-	24,029,082	-
Total Noncurrent Assets	38,938,159	848,435	39,786,594	-
TOTAL ASSETS	51,740,444	2,065,640	53,806,084	445,147
LIABILITIES				
Current Liabilities:				
Accounts Payable	191,976	-	191,976	418,581
Accrued Liabilities	86,440	34,000	120,440	-
Bond Issuance Premium	182,433	-	182,433	-
Bond Interest Payable	128,330	16,930	145,260	-
Lease Obligations Payable - Due Within One Year	43,026	-	43,026	-
G. O. Bonds Payable - Due Within One Year	292,000	-	292,000	-
Revenue Bonds Payable - Due Within One Year	266,700	56,000	322,700	-
Total Current Liabilities	1,190,905	106,930	1,297,835	418,581
Noncurrent Liabilities:				
Lease Obligations Payable - More Than One Year	185,633	-	185,633	-
G. O. Bonds Payable - More Than One Year	6,904,000	-	6,904,000	-
Revenue Bonds Payable - More Than One Year	5,214,600	953,000	6,167,600	-
Compensated Absences	190,839	-	190,839	-
Total Noncurrent Liabilities	12,495,072	953,000	13,448,072	-
TOTAL LIABILITIES	13,685,977	1,059,930	14,745,907	418,581
NET ASSETS				
Investment in Capital Assets, Net of Debt	24,904,318	(264,221)	24,640,097	-
Restricted For:				
Landfill Postclosure Costs	83,726	86,726	170,452	-
Bond Reserves	326,093	-	326,093	-
Class B Roads	2,119,776	-	2,119,776	-
Scholarship Funds	1,136	-	1,136	-
Drug Enforcement	365,942	-	365,942	-
Unrestricted	10,253,476	1,183,205	11,436,681	26,566
TOTAL NET ASSETS	38,054,467	1,005,710	39,060,177	26,566
TOTAL LIABILITIES AND NET ASSETS	51,740,444	2,065,640	53,806,084	445,147

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2004

Function/Programs Primary Government:	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants/Contributions	Primary Government		Component Units
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Government	2,431,052	1,097,193	4,676	(1,329,183)	-	-
Public Safety	4,760,934	2,031,033	791,479	(1,938,422)	-	-
Public Health	4,757,558	785,525	4,058,114	86,081	-	-
Highways and Public Improvements	933,106	89,525	982,585	139,004	-	-
Park and Recreation	305,568	-	-	(305,568)	-	-
Economic Development	454,770	90,429	53,761	(310,580)	-	-
Interest on Long-Term Debt	461,831	-	-	(461,831)	-	-
Total Governmental Activities	14,104,819	4,093,705	5,890,615	(4,120,499)	-	-
Business-Type Activities:						
Landfill	540,493	537,922	-	-	(2,571)	-
Total Primary Government	14,645,312	4,631,627	5,890,615	(4,120,499)	(2,571)	-
Component Units:						
Road District	2,233,124	66,930	1,795,388	-	-	(370,806)
Total Component Units	2,233,124	66,930	1,795,388	-	-	(370,806)
General Revenues:						
Property Taxes				2,903,047	-	-
Fee-In-Lieu of Property Taxes				459,517	-	-
Transient Room tax				203,132	-	-
Restaurant Taxes				162,390	-	-
Sales Taxes				945,216	-	-
Grants and Contributions Not Restricted to Specific Programs				952,493	-	-
Gain on Sale of Fixed Assets				(50,597)	-	-
Unrestricted Investment Earnings				184,628	20,971	6,079
Transfers				(25,000)	25,000	-
Total General Revenues and Transfers				5,734,826	45,971	6,079
Change in Net Assets				1,614,327	43,400	(364,727)
Net Assets - Beginning				36,440,140	962,310	391,293
Net Assets - Ending				38,054,467	1,005,710	26,566

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

	General Fund	Ambulance	Public Health	Class B Roads	Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	4,362,805	1,065,473	652,616	1,799,116	2,183,479	2,535,395	12,598,884
Accounts Receivable (Net)	1,478	250,000	-	-	-	-	251,478
Due From Other Government Units	16,361	-	236,312	320,660	-	4,870	578,203
TOTAL ASSETS	<u>4,380,644</u>	<u>1,315,473</u>	<u>888,928</u>	<u>2,119,776</u>	<u>2,183,479</u>	<u>2,540,265</u>	<u>13,428,565</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	191,976	-	-	-	-	-	191,976
Accrued Liabilities	81,694	-	4,734	-	-	12	86,440
Total Liabilities	<u>273,670</u>	<u>-</u>	<u>4,734</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>278,416</u>
Fund Balances:							
Reserved For:							
Class "B" Road	-	-	-	2,119,776	-	-	2,119,776
Bond Reserves	-	-	-	-	-	326,093	326,093
Landfill Postclosure	83,726	-	-	-	-	-	83,726
Drug Enforcement	365,942	-	-	-	-	-	365,942
Scholarships	1,136	-	-	-	-	-	1,136
Unreserved, Reported In:							
General Fund	3,656,170	-	-	-	-	-	3,656,170
Special Revenue Funds	-	1,315,473	884,194	-	-	2,175,294	4,374,961
Debt Service Fund	-	-	-	-	-	38,866	38,866
Capital Project Fund	-	-	-	-	2,183,479	-	2,183,479
Total Fund Balance	<u>4,106,974</u>	<u>1,315,473</u>	<u>884,194</u>	<u>2,119,776</u>	<u>2,183,479</u>	<u>2,540,253</u>	<u>13,150,149</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>4,380,644</u>	<u>1,315,473</u>	<u>888,928</u>	<u>2,119,776</u>	<u>2,183,479</u>	<u>2,540,265</u>	<u>13,428,565</u>

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2004

Total Fund Balances - Governmental Fund Types	13,150,149
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	1,584,130
Buildings	9,945,864
Improvements	740,798
Equipment	1,861,388
Infrastructure	<u>24,029,082</u>

Total - Net of Depreciation	38,161,262
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

G. O. Bonds Payable	(7,196,000)
Revenue Bonds Payable	(5,481,300)
Lease Obligations Payable	(228,659)
Bond Interest Payable	(128,330)
Bond Issuance Costs	150,617
Bond Issuance Premium	(182,433)
Compensated Absences	<u>(190,839)</u>

Total	<u>(13,256,944)</u>
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Net Assets of Government Activities	<u><u>38,054,467</u></u>
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SEVIER COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

	General Fund	Ambulance	Public Health	Class B Roads	Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property Tax	2,299,426	-	-	-	-	603,621	2,903,047
Fee-In-Lieu of Property Tax	459,517	-	-	-	-	-	459,517
Transient Room Tax	-	-	-	-	-	203,132	203,132
Recreational Facility Tax	-	-	-	-	-	162,390	162,390
Sales Tax	945,216	-	-	-	-	-	945,216
Licenses and Permits	149,841	-	-	-	-	-	149,841
Intergovernmental	1,747,456	13,025	3,977,138	969,835	-	135,654	6,843,108
Charges for Services	1,756,887	546,556	238,519	-	-	213,466	2,755,428
Fines and Forfeitures	522,524	-	-	-	-	12,778	535,302
Interest	45,820	17,834	6,428	28,890	37,945	39,024	175,941
Miscellaneous	219,693	450	-	89,525	-	343,466	653,134
Total Revenues	8,146,380	577,865	4,222,085	1,088,250	37,945	1,713,531	15,786,056
Expenditures:							
Current:							
General Government	2,040,704	-	-	-	36,168	43,064	2,119,936
Public Safety	4,208,967	-	-	-	-	275,402	4,484,369
Public Health	147,556	391,258	4,070,837	-	-	-	4,609,651
Highways and Public Improvements	114,219	-	-	577,017	-	-	691,236
Parks and Recreation	271,570	-	-	-	-	20,000	291,570
Economic Development	103,361	-	-	-	-	348,891	452,252
Debt Service:							
Principal	14,000	-	-	-	-	709,000	723,000
Interest	-	-	-	-	-	455,579	455,579
Capital Outlay	487,346	121,469	27,395	225,708	-	155,632	1,017,550
Total Expenditures	7,387,723	512,727	4,098,232	802,725	36,168	2,007,568	14,845,143
Exc. Revenue Over (Under) Expenditures	758,657	65,138	123,853	285,525	1,777	(294,037)	940,913
Other Financing Sources (Uses):							
Transfers In	132,000	-	-	-	-	391,000	523,000
Transfers Out	(428,000)	(120,000)	-	-	-	-	(548,000)
Total Other Financing	(296,000)	(120,000)	-	-	-	391,000	(25,000)
Net Change In Fund Balance	462,657	(54,862)	123,853	285,525	1,777	96,963	915,913
Fund Balance - Beginning	3,644,317	1,370,335	760,341	1,834,251	2,181,702	2,443,290	12,234,236
Fund Balance - Ending	4,106,974	1,315,473	884,194	2,119,776	2,183,479	2,540,253	13,150,149

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	915,913
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	1,017,550	
Depreciation	<u>(909,181)</u>	
Total		108,369

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets:

Loss on Trade In of Fixed Assets	(50,597)
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Payments on Bonds	723,000	
Lease Obligation Payments	41,752	
Bond Issuance Costs Amortized	(7,172)	
Amortization of Bond Premium	<u>8,687</u>	
Total		766,267

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Bond Interest Payable	920	
Compensated Absences	<u>(126,545)</u>	
Total		<u>(125,625)</u>

Changes In Net Assets of Governmental Activities	<u><u>1,614,327</u></u>
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**SEVIER COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

December 31, 2004

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Landfill</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	1,217,205
Total Current Assets	<u>1,217,205</u>
Noncurrent Assets:	
Investments - Restricted:	
Landfill Postclosure	86,726
Capital Assets: (Net of Accumulated Depreciation)	
Buildings	239,271
Improvements Other Than Buildings	259,658
Equipment	<u>262,780</u>
Total Noncurrent Assets	<u>848,435</u>
TOTAL ASSETS	<u><u>2,065,640</u></u>
LIABILITIES:	
Current Liabilities:	
Accrued Liabilities - Postclosure	34,000
Bond Interest Payable	16,930
Bonds Payable - Current Portion	<u>56,000</u>
Total Current Liabilities	<u>106,930</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>953,000</u>
TOTAL LIABILITIES	<u>1,059,930</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	(264,221)
Restricted for Landfill Postclosure	86,726
Unrestricted	<u>1,183,205</u>
TOTAL NET ASSETS	<u>1,005,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,065,640</u></u>

The notes to the financial statements are an integral part of this statement.

SEVIER COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

December 31, 2004

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Landfill</u>
Operating Revenues:	
Charges for Sales and Services:	
Landfill Fees	<u>537,922</u>
Operating Expenses:	
Costs of Sales and Services	354,301
Depreciation	<u>151,201</u>
Total Operating Expenses	<u>505,502</u>
Operating Income	<u>32,420</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	20,971
Loss on Disposition of Fixed Assets	(10,336)
Interest Expense	<u>(24,655)</u>
Total Nonoperating Revenues (Expenses)	<u>(14,020)</u>
Income Before Transfers	18,400
Transfers In	<u>25,000</u>
Change in Net Assets	43,400
Total Net Assets - Beginning	<u>962,310</u>
Total Net Assets - Ending	<u><u>1,005,710</u></u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

December 31, 2004

	Business-Type Activity Enterprise Fund
	<u>Landfill</u>
Cash Flows From Operating Activities:	
Receipts From Customers	537,922
Payments to Suppliers	(213,031)
Payments to Employees	<u>(136,190)</u>
Net Cash Provided by Operating Activities	<u>188,701</u>
Cash Flows from Noncapital Financing Activities:	
Transfer From Other Funds	<u>25,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>25,000</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(55,000)
Interest Paid on Capital Debt	<u>(24,655)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(79,655)</u>
Cash Flows from Investing Activities:	
Interest Received	20,971
Purchase of Equipment	<u>(10,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>10,971</u>
Net Increase (Decrease) in Cash and Cash Equivalents	145,017
Cash and Cash Equivalents - Beginning	<u>1,158,914</u>
Cash and Cash Equivalents - Ending	<u><u>1,303,931</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>32,420</u>
Adjustments to Reconcile Operating Income to Net Cash Provided	
Provided (Used) By Operating Activities:	
Depreciation	151,201
Increase (Decrease) in Operating Assets:	
Accrued Liabilities	6,000
Bond Interest Payable	<u>(920)</u>
Total Adjustments	<u>156,281</u>
Net Cash Provided (Used) by Operating Activities	<u><u>188,701</u></u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2004

ASSETS:

Cash and Investments	477,785
Taxes Receivable	<u>167,200</u>
 TOTAL ASSETS	 <u><u>644,985</u></u>

LIABILITIES:

Collections Payable	86,636
Due to Taxing Units	<u>558,349</u>
 TOTAL LIABILITIES	 <u><u>644,985</u></u>

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS**

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Sevier County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2004.

A. Reporting Entity

For financial reporting purposes, Sevier County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Sevier County (the primary government) and its component unit. The component unit is included in the County's reporting entity because of the significance of its operational or financial relationships with the County. Complete financial statements of the individual component unit, that issued separate financial statements, can be obtained from the Sevier County Auditor's office.

Blended Component Unit:

On March 5, 1992, the County established by resolution a building authority for the purpose of, but not limited to, acquiring, leasing, constructing, furnishing, maintaining or operating a jail building and related facilities, and to acquire or lease land required for or related to these purposes. The governing board of the Building Authority is the County Commission. The Building Authority is accounted for in a special revenue fund.

Discrete Component Unit:

This component unit is an entity which is legally separate from the County, but is financially accountable to the County or whose relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the district. This district was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component unit column of the combined financial statements includes the financial data of the following entity:

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * Sevier County Special Service District #1 (Governmental Fund Type) - This special service district was organized under the State of Utah's Statute for Special Service Districts, by the adoption of a resolution to establish a special service district by the Sevier County Commissioners on February 20, 1989 for the purpose of improving the County road system in Sevier County. The special service district's administrative Control Board consists of three (3) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial one member to serve a two year term and the remaining two members to serve four year terms. The board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. A copy of the annual report can be obtained at the Sevier County Auditor's office, Richfield, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Sevier County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ambulance Fund receives funding from ambulance fees charged to ambulance users and expends the monies on appropriate ambulance expenditures.

The Public Health Fund administers the public health programs in the six county area. Their revenues and expenditures are restricted to those purposes.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government also reports the following Other Governmental Funds:

Recreational Facility Tax, E-911, Special Events, Narcotics Task Force, Building Authority and Transient Room Tax. These funds account for revenue sources that are restricted to expenditures for specific purposes.

The Government reports the following Proprietary Funds:

The Landfill Fund accounts for the activities of the County Landfill operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally the Government reports the following fund type:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Public Health:

It is the Public Health's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

Other County Employees:

It is the County's policy to permit employees to accumulate earned but unused vacation, holiday and comp time benefits. All compensated absences are accrued when incurred in the government-wide financial statements.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing:

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Calendar:

January 1	Lien Date - All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
September 1	State Tax Commission approves tax rates.
November 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
November 1	County auditor to charge the county treasurer to account for all taxes levied.
November 1	County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
November 30	Taxes on real property become delinquent.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except the deferred compensation trust fund. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year-end the carrying amount of the County's deposits was \$653,356 and the bank balance was \$719,676. Of the bank balance, \$100,000 was covered by federal depository insurance. State statutes do not require collateral to be pledged for deposits. Cash on hand was \$400. At year end the carrying amounts of the component units deposits were \$0, and the bank balances were \$0. Of the bank balances \$0 was covered by Federal Depository Insurance.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 2 - DEPOSITS AND INVESTMENTS

Investments:

Statutes authorize the County to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standards & Poor's Corporation or P-1 by Moody's Commercial Paper Record, Bankers' acceptances, repurchase agreements and the state treasurer's investment pool. The County is also authorized to enter into reverse repurchase agreements. The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Investments for the Primary Government at December 31, 2004, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments:				
Landfill Trust Account	-	-	86,726	86,726
Escrow Accounts	-	-	326,093	326,093
Repurchase Agreements	-	-	550,582	550,582
	<u>-</u>	<u>-</u>	<u>963,401</u>	<u>963,401</u>
Other Items:				
State Treasurer's Investment Pool				<u>12,763,443</u>
Total Investments				<u>13,726,844</u>

A summary of cash and temporary cash investments in the primary government per combined balance sheet is as follows:

Governmental	12,598,884
Proprietary	1,303,931
Agency	<u>477,785</u>
Total	<u>14,380,600</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments for the component units at December 31, 2004, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments:				
Repurchase Agreements	<u>-</u>	<u>-</u>	<u>384,855</u>	384,855
Other Items:				
State Treasurer's Investment Pool				<u>50</u>
Total Investments				<u>384,905</u>

The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

NOTE 3 - DUE FROM OTHER GOVERNMENT UNITS

Public Health:

Accounts receivable in the Public Health Special Revenue fund represents payments due on contracts with the State of Utah in the amount of \$236,312.

Class B Road:

The receivable for Class B Roads includes the 4th quarter allocation from the State of Utah in the amount of \$208,314. In addition, forest reserve monies are due in the amount of \$41,930 and other various agencies in the amount of \$91,647.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2004, was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	274,450	-	-	274,450
Land Related to Roads	1,309,680	-	-	1,309,680
Infrastructure	<u>24,029,082</u>	<u>-</u>	<u>-</u>	<u>24,029,082</u>
 Total Capital Assets Not Being Depreciated	 <u>25,613,212</u>	 <u>-</u>	 <u>-</u>	 <u>25,613,212</u>
 Capital Assets Being Depreciated:				
Buildings	12,631,896	-	-	12,631,896
Improvements	1,003,817	-	-	1,003,817
Equipment	<u>5,353,709</u>	<u>1,017,550</u>	<u>194,214</u>	<u>6,177,045</u>
 Total Capital Assets Being Depreciated	 <u>18,989,422</u>	 <u>1,017,550</u>	 <u>194,214</u>	 <u>19,812,758</u>
 Less Accumulated Depreciation For:				
Buildings	2,403,384	282,648	-	2,686,032
Improvements	237,109	25,910	-	263,019
Equipment	<u>3,858,651</u>	<u>600,623</u>	<u>143,617</u>	<u>4,315,657</u>
 Total Accumulated Depreciation	 <u>6,499,144</u>	 <u>909,181</u>	 <u>143,617</u>	 <u>7,264,708</u>
 Total Capital Assets Being Depreciated (Net)	 <u>12,490,278</u>	 <u>108,369</u>	 <u>50,597</u>	 <u>12,548,050</u>
 Governmental Activities Capital Assets, Net	 <u><u>38,103,490</u></u>	 <u><u>108,369</u></u>	 <u><u>50,597</u></u>	 <u><u>38,161,262</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings	297,822	-	-	297,822
Improvements	494,912	-	-	494,912
Equipment	<u>1,685,866</u>	<u>10,000</u>	<u>17,677</u>	<u>1,678,189</u>
 Total Capital Assets Being Depreciated	<u>2,478,600</u>	<u>10,000</u>	<u>17,677</u>	<u>2,470,923</u>
Less Accumulated Depreciation For:				
Buildings	51,757	6,794	-	58,551
Improvements	210,508	24,746	-	235,254
Equipment	<u>1,303,089</u>	<u>119,661</u>	<u>7,341</u>	<u>1,415,409</u>
 Total Accumulated Depreciation	<u>1,565,354</u>	<u>151,201</u>	<u>7,341</u>	<u>1,709,214</u>
 Total Capital Assets Being Depreciated (Net)	<u>913,246</u>	<u>(151,201)</u>	<u>-</u>	<u>761,709</u>
 Business Type Activities Capital Assets, Net	<u>913,246</u>	<u>(151,201)</u>	<u>-</u>	<u>761,709</u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	327,918	-	327,918
Public Safety	214,190	-	214,190
Public Health	139,875	151,201	291,076
Highways and Public Improvements	210,682	-	210,682
Parks and Recreation	13,998	-	13,998
Economic Development	<u>2,518</u>	<u>-</u>	<u>2,518</u>
 Total Depreciation Expense	<u>909,181</u>	<u>151,201</u>	<u>1,060,382</u>

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 5 - LONG-TERM DEBT

Governmental Activities:

Sevier County Public Health Services Revenue Bonds, Series 1991:

During 1991 Sevier County issued 357,500 of Public Health revenue bonds, which were purchased by the State of Utah Community Impact Board, for the purpose of constructing a facility for the Central Utah Public Health Department. The bonds require annual payments of \$14,000 to \$15,000 per year with no interest. The bonds are payable from rents from the Central Utah Public Health Department and not from charges against the County's general credit or taxing powers.

The following is summary of Debt Service charges to maturity:

	<u>Principal</u>
2005	14,000
2006	14,000
2007	14,000
2008	14,000
2009	14,000
2010 - 2014	74,000
2015 - 2019	<u>31,000</u>
Total	<u><u>175,000</u></u>

Building Authority - Parity Lease Revenue Bonds, series 1994B:

On May 31, 1994, the Sevier County Municipal Building Authority issued \$2,130,000 of Parity Lease Revenue Bonds, Series 1994B, to the State of Utah Permanent Community Impact Board. The bonds carry an interest rate of 3%.

The following is summary of Debt Service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 1 of			
2005	106,000	-	106,000
2006	106,000	-	106,000
2007	106,000	-	106,000
2008	93,000	31,950	124,950
2009	96,000	29,160	125,160
2010 - 2014	523,000	100,950	623,950
2015 - 2019	<u>353,000</u>	<u>21,390</u>	<u>374,390</u>
Total	<u><u>1,383,000</u></u>	<u><u>183,450</u></u>	<u><u>1,566,450</u></u>

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)
2004 Lease Revenue Refunding Bonds:

Sevier County issued \$3,715,000 of Lease Revenue Refunding Bonds to refund \$3,748,331 of the 1995 USDA Rural Development Revenue Bonds issued in the amount of \$4,400,000. As a result the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column in the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$33,331. The advance refunding was undertaken to reduce the total debt service payments over the next 18 years by \$451,391 and resulted in an economic gain of \$296,753.

The following is a summary of debt service charges to maturity for the lease revenue bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	130,000	147,140	277,140
2006	130,000	145,580	275,580
2007	135,000	142,330	277,330
2008	135,000	138,955	273,955
2009	140,000	135,580	275,580
2010 - 2014	755,000	617,516	1,372,516
2015 - 2019	915,000	457,750	1,372,750
2020 - 2024	1,165,000	205,500	1,370,500
2025 - 2029	100,000	5,000	105,000
	<u>3,605,000</u>	<u>1,995,351</u>	<u>5,600,351</u>
Total			

CIB Bonds Payable - Animal Shelter:

The County obtained financing from the Community Impact Board to partially fund the construction of a new animal shelter in Sevier County. The loan requires yearly payments of \$16,700 for 10 years and \$16,800 for 10 years with no interest. The balance of the loan at year end was \$318,300.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>
2005	16,700
2006	16,700
2007	16,700
2008	16,700
2009	16,700
2010 - 2014	83,600
2015 - 2019	84,000
2020 - 2024	67,200
	<u>318,300</u>
Total	

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Special Events Center - General Obligation Bonds:

On November 7, 2000, a special bond election was approved for the issuance of \$8,000,000 principal amount of general obligation bonds for the purpose of, among other things, paying all or part of Sevier County's share of the costs of acquiring, constructing, improving, extending, equipping and furnishing an educational and multipurpose facility to be located on the campus of Snow College South in Richfield, Utah, such facility to be owned by Snow College and jointly used by Sevier County, Snow College South and the Board of Education of Sevier School District and for the purpose of refunding bonds authorized hereunder at or prior to the maturity thereof.

The following is a summary of debt service charges to maturity:

Issue 2001A:

	Principal	(Various Rates) Interest	Total
2005	135,000	172,255	307,255
2006	145,000	166,655	311,655
2007	150,000	160,680	310,680
2008	160,000	153,725	313,725
2009	170,000	145,595	315,595
2010 - 2014	1,000,000	493,770	1,493,770
2015 - 2019	1,270,000	381,510	1,651,510
2020 - 2024	605,000	69,233	674,233
Total	<u>3,635,000</u>	<u>1,743,423</u>	<u>5,378,423</u>

Issue 2001B:

	Principal	3.50% Interest	Total
2005	157,000	124,635	281,635
2006	162,000	118,965	280,965
2007	169,000	113,050	282,050
2008	174,000	106,960	280,960
2009	180,000	100,660	280,660
2010 - 2014	999,000	400,750	1,399,750
2015 - 2019	1,186,000	206,815	1,392,815
2020 - 2024	534,000	20,510	554,510
Total	<u>3,561,000</u>	<u>1,192,345</u>	<u>4,753,345</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity for the Special Events Center:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	292,000	296,890	588,890
2006	307,000	285,620	592,620
2007	319,000	273,730	592,730
2008	334,000	260,685	594,685
2009	350,000	246,255	596,255
2010 - 2014	1,999,000	894,520	2,893,520
2015 - 2019	2,456,000	588,325	3,044,325
2020 - 2024	1,139,000	89,743	1,228,743
Total	<u>7,196,000</u>	<u>2,935,768</u>	<u>10,131,768</u>

Equipment Lease:

During the 2003 year the County obtained a lease in the amount of \$270,411 for the purchase of equipment for the Sevier Valley Center. The terms of the lease call for yearly payments of \$50,000 including interest at 3.05%.

The following is a summary of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	43,026	6,974	50,000
2006	44,338	5,662	50,000
2007	45,691	4,309	50,000
2008	47,084	2,916	50,000
2009	48,520	1,480	50,000
Total	<u>228,659</u>	<u>21,341</u>	<u>250,000</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges for governmental activities to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	601,726	451,004	1,052,730
2006	618,038	436,862	1,054,900
2007	636,391	420,410	1,056,801
2008	639,784	434,506	1,074,290
2009	665,220	412,475	1,077,695
2010 - 2014	3,435,600	1,612,986	5,048,586
2015 - 2019	3,838,000	1,067,465	4,905,465
2020 - 2024	2,371,200	295,243	2,666,443
2025 - 2029	<u>100,000</u>	<u>5,000</u>	<u>105,000</u>
Total	<u>12,905,959</u>	<u>5,135,951</u>	<u>18,041,910</u>

Business Type Activities:

Landfill Revenue Bonds:

On May 5, 1994, Sevier County issued \$1,500,000 of Revenue Bonds for the purpose of providing funds to finance the cost of construction of County Landfill improvements, including access roads and site development. The terms of the loan include interest at a rate of 2.5%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1 of			
2005	56,000	25,225	81,225
2006	58,000	23,825	81,825
2007	59,000	22,375	81,375
2008	61,000	20,900	81,900
2009	62,000	19,375	81,375
2010 - 2014	334,000	72,800	406,800
2015 - 2019	<u>379,000</u>	<u>28,875</u>	<u>407,875</u>
Total	<u>1,009,000</u>	<u>213,375</u>	<u>1,222,375</u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in long-term debt as of December 31, 2004:

	Date of Issue	Interest Rate	Total Issued	Outstanding December 31, 2003	Current Year Changes		Outstanding December 31, 2004
					Additions	Retirements	
Governmental Activities:							
PCIB Public Health Bldg. Revenue Bonds	1991	0%	357,500	189,000	-	14,000	175,000
Building Authority:							
Public Safety Building:							
PCIB Lease Revenue Bonds	1994	3%	2,130,000	1,489,000	-	106,000	1,383,000
Zions Bank Lease Revenue Bonds	1994	3%	1,700,000	212,000	-	212,000	-
USDA Rural Develop. Revenue Bonds	1995	5.25%	4,400,000	3,748,331	-	3,748,331	-
Zions Bank Refunding Bonds	2004	0%	3,715,000	-	3,715,000	110,000	3,605,000
CIB Animal Shelter Lease Revenue Bond	2002	0%	335,000	318,300	-	-	318,300
Special Events Center:							
General Obligation Bonds - 2001A	2001	5.25%	4,000,000	3,765,000	-	130,000	3,635,000
General Obligation Bonds - 2001B	2001	3.50%	4,000,000	3,712,000	-	151,000	3,561,000
Equipment Lease Purchase	2003	3.05%	270,411	270,411	-	41,752	228,659
Total Bonds - Governmental			20,907,911	13,704,042	3,715,000	4,513,083	12,905,959
Bonds Costs of Refunding			157,789	-	(157,789)	(7,172)	(150,617)
Bond Premium on Refunding			(191,120)	-	191,120	8,687	182,433
Total Governmental Activities			20,874,580	13,704,042	3,748,331	4,514,598	12,937,775
Business Type Activities:							
Zions Bank Landfill Revenue Bonds	1994	2.5%	1,500,000	1,064,000	-	55,000	1,009,000
Total Business Type Activities			1,500,000	1,064,000	-	55,000	1,009,000
Grand Total			22,407,911	14,768,042	3,715,000	4,568,083	13,946,775

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

As of December 31, 1995, the County personnel policy states that accrued vacation and comp time can be carried over to the next year but sick pay is forfeited upon the termination of an employee.

The following summary shows the compensated absences as determined for the County and Public Health:

	Beginning Balance	Additions	Deletions	Ending Balance
Sevier County	-	124,751	-	124,751
Public Health	64,294	1,794	-	66,088
	<u>64,294</u>	<u>126,545</u>	<u>-</u>	<u>190,839</u>

NOTE 6 - CLOSURE AND POSTCLOSURE CARE COST - MUNICIPAL SOLID WASTE LANDFILL

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the Landfill Special Revenue Fund each period based on landfill capacity used as of each balance sheet date. The \$34,000 reported as landfill closure and postclosure care liability at December 31, 2004, represents the cumulative amount reported to date based on the use of 20% of the estimated capacity of the land fill. The County will recognize the remaining estimated cost of closure and postclosure care of \$66,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. The County expects to close the landfill in the year 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2004, investments of \$86,726 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended December 31, 2004

NOTE 7 - SPECIAL REVENUE FUNDS

Public Health Fund:

This Special Revenue Fund administers the public health programs in the Six County area.

The following is a statement of changes in the Public Health fund:

Revenue:

Federal Revenues	1,129,458
State Contracts	534,788
County Participation	345,977
School Contracts	90,086
Fees	749,133
WIC Food Vouchers	1,258,582
Childhood Immunization Vaccines	102,326
Interest	6,428
Other Revenues	<u>5,307</u>

Total Revenue	<u>4,222,085</u>
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Expenditures:

Current:

Salaries and Wages	1,244,099
Fringe Benefits	709,620
Travel	124,598
Office Expense	101,390
Drug/Medical Supplies	185,152
Operating Expenses	179,677
Telephone	22,028
Utilities	5,669
Other Expense	91,069
WIC Food Vouchers	1,258,582
Childhood Immunization Vaccines	102,325
Capital Outlay	<u>74,023</u>

Total Expenditures	<u>4,098,232</u>
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Excess of Revenues Over (Under) Expenditures	123,853
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Fund Balance - Beginning of Year	<u>760,341</u>
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Fund Balance - End of Year	<u><u>884,194</u></u>
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**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

For The Year Ended December 31, 2004

NOTE 7 - SPECIAL REVENUE FUNDS (CONTINUED)

Ambulance Fund:

The following is a statement of changes in the Ambulance fund:

Revenue:	
State Grant	13,025
Ambulance Revenues	546,556
Interest Revenue	17,834
Other	<u>450</u>
Total Revenue	<u>577,865</u>
Expenditures:	
Current:	
Permanent Employees	75,348
Part Time Employees	132,452
Benefits	52,827
Travel	211
Office Supplies	3,339
Supplies and Maintenance	25,312
Building and Grounds	6,088
Telephone	5,938
Professional and Technical	18,172
Insurance	4,249
Medical Supplies	28,808
Miscellaneous	13,596
Training	28,436
Capital Outlay:	
Buildings	1,374
Equipment	<u>116,577</u>
Total Expenditures	<u>512,727</u>
Excess of Revenues Over (Under) Expenditures	65,138
Other Financing Sources (Uses):	
Transfer to General Fund	(120,000)
Fund Balance - Beginning of Year	<u>1,370,335</u>
Fund Balance - End of Year	<u><u>1,315,473</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended December 31, 2004

NOTE 7 - SPECIAL REVENUE FUNDS (CONTINUED)

Building Authority:

The following is a statement of changes in the Building Authority:

Revenue:	
Lease Revenue	248,621
Interest Revenue	18,431
Sundry	<u>39,878</u>
Total Revenue	<u>306,930</u>
Expenditures:	
Current:	
General Government	43,064
Debt Service:	
Principal	428,000
Interest	<u>144,484</u>
Total Expenditures	<u>615,548</u>
Excess of Revenues Over (Under) Expenditures	<u>(308,618)</u>
Other Financing Sources (Uses):	
Transfer from General Fund	<u>408,000</u>
Total Other Financing Sources (Uses)	<u>408,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	99,382
Fund Balance - Beginning of Year	<u>1,187,601</u>
Fund Balance - End of Year	<u><u>1,286,983</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 8 - CLASS B ROAD - RESERVED FUND BALANCE

The following is a statement of changes in Class B Roads - Reserved Fund Balance:

Revenues:	
State Allotments	927,905
Forest Reserve	41,930
Interest	28,890
Other Revenue	<u>89,525</u>
 Total Revenues	 <u>1,088,250</u>
 Expenditures	 <u>802,726</u>
 Excess of Revenues Over (Under) Expenditures	 285,524
 Balance - Beginning of Year	 <u>1,834,252</u>
 Balance - End of Year	 <u><u>2,119,776</u></u>

NOTE 9 - CAPITAL PROJECTS FUND

The following is a statement of changes in the Capital Projects Fund:

Revenue:	
Intere: Total Revenue	<u>37,945</u>
 Expenditures:	
Capital Outlay	<u>36,168</u>
 Excess of Revenues Over (Under) Expenditures	 1,777
 Balance - Beginning of Year	 <u>2,181,702</u>
 Balance - End of Year	 <u><u>2,183,479</u></u>

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended December 31, 2004

NOTE 10 - ENTERPRISE FUNDS

Landfill:

The following is a statement of changes in the Landfill:

Revenue:	
Charges for Services	537,922
Interest	<u>20,971</u>
Total Revenue	<u>558,893</u>
Expenditures:	
Current:	
Salaries and Wages	136,190
Benefits	58,559
Supplies and Maintenance	107,840
Professional and Technical	18,794
Insurance	4,249
Telephone	556
Postclosure Costs	6,000
Other	13,502
Capital Outlay:	
Improvements	18,611
Debt Service:	
Principal	55,000
Interest	<u>25,575</u>
Total Expenditures	<u>444,876</u>
Excess of Revenues Over (Under) Expenditures	114,017
Other Financing Sources (Uses):	
Transfer In	25,000
Fund Balance - Beginning of Year	<u>1,130,914</u>
Fund Balance - End of Year	<u><u>1,269,931</u></u>
Reconciliation to Total Net Assets - Ending:	
Fund Balance - End of Year	1,269,931
Capital Assets (Net of Accumulated Depreciation)	761,709
Less: Long-Term Debt	(1,009,000)
Accrued Bond Interest Payable	<u>(16,930)</u>
Total Net Assets Per Statement of Net Assets	<u><u>1,005,710</u></u>

**SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004

NOTE 11 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	132,000	428,000
Ambulance	-	120,000
Recreation	-	57,000
Building Authority	408,000	-
Transient Room Tax	40,000	-
Landfill	<u>25,000</u>	<u>-</u>
	<u>605,000</u>	<u>605,000</u>

Transfers were made for the following purposes:

- * The General Fund transferred \$408,000 to the Building Authority for debt service payments.
- * The General Fund transferred \$20,000 to the Transient Room Tax Fund for economic development.
- * The Ambulance Fund transferred \$120,000 to the General Fund to cover certain expenses related to health care.
- * The Recreation Facility Tax Fund transferred \$20,000 to the Transient Room Tax Fund for promotion of economic development in the County.
- * The Recreation Facility Tax Fund transferred \$25,000 to the Landfill Fund to offset costs of increased usage at the landfill from recreational activities.
- * The Recreation Facility Tax Fund transferred \$12,000 to the General Fund to cover expenditures relating to public safety.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$50,000,000 and \$250,000 for liability to a limit of \$750,000 with a combined excess aggregate of \$1,000,000 to 1,350,000. The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 13 - PENSION PLAN

Local Governmental - Cost Sharing

Plan Description:

Sevier County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Sevier County is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.092% to the Noncontributory and 19.08% to the Public Safety Other Division A Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

SEVIER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004

NOTE 13 - PENSION PLAN (CONTINUED)

Sevier County contributions to the various systems for the years ending December 31, 2004, 2003 and 2002 respectively were; for the Contributory System, \$5,358.99, \$4,720.79 and \$4,731.09; for the Noncontributory System, \$156,184.86, \$131,400.28 and \$121,873.92; and for the Public Safety Other Division A Noncontributory, \$242,516.22, \$203,201.07 and \$188,607.42 respectively. The contributions were equal to the required contributions for each year.

NOTE 14 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS

Sevier County has one component units that is a governmental fund types and is described below:

Governmental Fund Types:

Sevier County Special Service District #1 - The purpose of the District is the improve the County road system in Sevier County.

Condensed information for the Governmental Fund Types for the year ended December 31, 2004, is as follows:

	<u>Sevier County Special Service District #1</u>
Condensed Statement of Net Assets:	
Current Assets	<u>445,147</u>
Current Liabilities	418,581
Net Assets	<u>26,566</u>
 Total Liabilities and Net Assets	 <u>445,147</u>
 Condensed Statement of Revenues, Expenditures and Changes in Net Assets:	
Revenues	1,868,397
Current Expenditures	(30,401)
Capital Outlay	<u>(2,202,723)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	 <u>(364,727)</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**SEVIER COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2004

Percentage of Lane-Miles in Good or Better Condition:

	Percentage				
	2000	2001	2002	2003	2004
Paved	61	63	65	69	80
Gravel	60	61	60	64	70
Dirt	63	60	61	65	65
Overall System	61	61	62	66	70
Bridges		62	70	72	72

Percentage of Lane-Miles in Substandard Condition:

	Percentage				
	2000	2001	2002	2003	2004
Paved	15	14	14	12	10
Gravel	10	9	10	8	8
Dirt	10	11	12	9	10
Overall System	11	10	11	10	9
Bridges		11	7	5	7

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	2000	2001	2002	2003	2004
Estimated	2,135,000	2,050,000	1,932,000	1,850,000	1,500,000
Actual	2,081,375	2,000,000	1,400,000	1,834,000	1,382,000

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 60 percent of its road system at a good or better condition level. No more than 15 percent should be in substandard condition. Condition assessments are determined every year.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>3,644,317</u>	<u>3,644,317</u>	<u>3,644,317</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	1,700,000	1,700,000	1,705,452	5,452
Delinquent Prior Years Taxes	70,000	70,000	96,499	26,499
Assessing and Collecting Taxes	735,000	735,000	466,537	(268,463)
Fee-In-Lieu	325,000	325,000	459,517	134,517
Penalty and Interest	30,000	30,000	30,938	938
County Option Sales Tax	600,000	600,000	655,655	55,655
General Sales and Use Taxes	<u>300,000</u>	<u>300,000</u>	<u>289,561</u>	<u>(10,439)</u>
Total Taxes	<u>3,760,000</u>	<u>3,760,000</u>	<u>3,704,159</u>	<u>(55,841)</u>
Licenses and Permits:				
Business Licenses and Permits	156,000	6,000	4,010	(1,990)
Non-Business Licenses and Permits	<u>2,800</u>	<u>152,800</u>	<u>145,831</u>	<u>(6,969)</u>
Total Licenses and Permits	<u>158,800</u>	<u>158,800</u>	<u>149,841</u>	<u>(8,959)</u>
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	834,050	834,050	952,493	118,443
Economic Development	58,440	58,440	53,761	(4,679)
State Grants	416,600	821,931	667,716	(154,215)
Emergency Services	7,500	7,500	1,875	(5,625)
Substance Abuse	-	-	9,285	9,285
State Liquor Allotment	<u>12,000</u>	<u>12,000</u>	<u>62,326</u>	<u>50,326</u>
Total Intergovernmental Revenue	<u>1,328,590</u>	<u>1,733,921</u>	<u>1,747,456</u>	<u>13,535</u>
Charges for Services:				
Recorder's Fees	120,000	120,000	139,371	19,371
Clerk's Fees	3,500	3,500	4,664	1,164
Bailiff Fees	20,000	20,000	5,051	(14,949)
Sheriff Contracts	125,000	125,000	235,585	110,585
Jail Services	1,200,000	1,200,000	1,323,894	123,894
Inspection Fees	10,000	10,000	11,455	1,455
Other	<u>14,000</u>	<u>41,000</u>	<u>36,867</u>	<u>(4,133)</u>
Total Charges for Services	<u>1,492,500</u>	<u>1,519,500</u>	<u>1,756,887</u>	<u>237,387</u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows) Continued:				
Fines and Forfeitures:				
Justice Court Fines	<u>450,000</u>	<u>450,000</u>	<u>522,524</u>	<u>72,524</u>
Miscellaneous Revenue:				
Rents and Concessions	30,000	30,000	29,646	(354)
Economic Development Conferences	-	10,000	10,380	380
Sundry Revenues	30,000	30,000	179,667	149,667
Interest	150,000	150,000	45,820	(104,180)
Use of Surplus	<u>776,114</u>	<u>776,114</u>	<u>-</u>	<u>(776,114)</u>
Total Miscellaneous Revenue	<u>986,114</u>	<u>996,114</u>	<u>265,513</u>	<u>(730,601)</u>
Transfers	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>	<u>-</u>
Amounts Available for Appropriation	<u>11,952,321</u>	<u>12,394,652</u>	<u>11,922,697</u>	<u>(471,955)</u>
Charges to Appropriations (Outflows):				
General Government:				
Commission	155,228	155,228	146,697	8,531
District Court	28,000	28,000	24,043	3,957
Justice Court	157,495	157,495	147,052	10,443
Public Defender	90,000	90,000	76,903	13,097
Microfilming	15,000	15,000	9,252	5,748
Clerk-Auditor	221,321	221,321	204,248	17,073
Treasurer	142,994	142,994	136,267	6,727
Recorder	232,799	232,799	218,818	13,981
Attorney	275,649	275,649	268,061	7,588
Assessor	279,475	279,475	269,390	10,085
Surveyor	13,000	13,000	4,059	8,941
Data Processing	79,213	79,213	68,904	10,309
GIS	108,250	108,250	4,571	103,679
Non-Departmental	339,594	331,094	198,965	132,129
Courthouse and Grounds	124,575	124,575	107,159	17,416
Elections	48,000	48,000	41,207	6,793
Building Inspection	177,152	177,152	160,755	16,397
Planning and Zoning	10,000	10,000	900	9,100
Health Insurance Reserve	190,000	190,000	1,446	188,554
State Unemployment	<u>10,000</u>	<u>10,000</u>	<u>3,507</u>	<u>6,493</u>
Total General Government	<u>2,697,745</u>	<u>2,689,245</u>	<u>2,092,204</u>	<u>597,041</u>

Continued

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows) Continued:				
Public Safety:				
Sheriff	1,537,265	1,537,265	1,475,893	61,372
Department 4212	25,106	480,000	479,498	502
Communications	53,102	53,102	51,987	1,115
Alcoholic Rehabilitation	337,345	337,345	291,340	46,005
Fire Contracts	194,155	194,155	135,755	58,400
County Jail	1,845,013	1,852,013	1,851,711	302
Animal Control	140,615	141,115	140,961	154
Emergency Services	347,685	347,685	217,668	130,017
Total Public Safety	<u>4,480,286</u>	<u>4,942,680</u>	<u>4,644,813</u>	<u>297,867</u>
Health and Public Welfare:				
Health Services	160,640	160,640	159,606	1,034
Public Welfare	3,000	3,000	1,950	1,050
Total Health and Public Welfare	<u>163,640</u>	<u>163,640</u>	<u>161,556</u>	<u>2,084</u>
Highway and Public Improvements:				
County Roads	38,000	38,000	16,500	21,500
Weed Control	34,116	34,116	31,095	3,021
Mosquito Control	56,616	66,716	66,624	92
Total Highways and Public Improvements	<u>128,732</u>	<u>138,832</u>	<u>114,219</u>	<u>24,613</u>
Parks, Recreation and Public Property:				
Recreation and Television	51,845	53,245	53,170	75
Bookmobile	51,000	51,000	50,862	138
Extension Services	73,173	73,173	64,135	9,038
Fairgrounds	64,970	64,970	64,684	286
County Fair	40,000	40,000	38,719	1,281
Total Parks, Recreation and Public Property	<u>280,988</u>	<u>282,388</u>	<u>271,570</u>	<u>10,818</u>

Continued

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows) Continued:				
Conservation and Economic Development:				
Economic Development	<u>95,550</u>	<u>105,550</u>	<u>103,361</u>	<u>2,189</u>
Nondepartmental:				
Transfer Out	<u>461,063</u>	<u>428,000</u>	<u>428,000</u>	<u>-</u>
Total Charges to Appropriations	<u>8,308,004</u>	<u>8,750,335</u>	<u>7,815,723</u>	<u>934,612</u>
Budgetary Fund Balance - December 31	<u><u>3,644,317</u></u>	<u><u>3,644,317</u></u>	<u><u>4,106,974</u></u>	<u><u>462,657</u></u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>760,341</u>	<u>760,341</u>	<u>760,341</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	3,917,242	4,006,307	3,977,138	(29,169)
Charges for Services	535,769	601,325	238,519	(362,806)
Interest Earnings	<u>-</u>	<u>-</u>	<u>6,428</u>	<u>6,428</u>
Amounts Available for Appropriation	<u>5,213,352</u>	<u>5,367,973</u>	<u>4,982,426</u>	<u>(385,547)</u>
Charges to Appropriations (Outflows):				
Public Health	4,378,011	4,532,632	4,070,837	461,795
Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>27,395</u>	<u>47,605</u>
Total Charges to Appropriations	<u>4,453,011</u>	<u>4,607,632</u>	<u>4,098,232</u>	<u>509,400</u>
Budgetary Fund Balance - December 31	<u><u>760,341</u></u>	<u><u>760,341</u></u>	<u><u>884,194</u></u>	<u><u>123,853</u></u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>1,834,251</u>	<u>1,834,251</u>	<u>1,834,251</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	1,065,000	1,065,000	969,835	(95,165)
Interest	25,000	25,000	28,890	3,890
Miscellaneous	<u>292,121</u>	<u>292,121</u>	<u>89,525</u>	<u>89,525</u>
Amounts Available for Appropriation	<u>3,216,372</u>	<u>3,216,372</u>	<u>2,922,501</u>	<u>(1,750)</u>
Charges to Appropriations (Outflows):				
County Roads	1,107,121	1,107,121	593,654	513,467
Equipment	<u>275,000</u>	<u>275,000</u>	<u>209,072</u>	<u>65,928</u>
Total Charges to Appropriations	<u>1,382,121</u>	<u>1,382,121</u>	<u>802,726</u>	<u>579,395</u>
Budgetary Fund Balance - December 31	<u><u>1,834,251</u></u>	<u><u>1,834,251</u></u>	<u><u>2,119,775</u></u>	<u><u>577,645</u></u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, January 1	<u>2,181,702</u>	<u>2,181,702</u>	<u>2,181,702</u>	<u>-</u>
Resources (Inflows):				
Interest Revenue	<u>100,000</u>	<u>100,000</u>	<u>37,945</u>	<u>(62,055)</u>
Amounts Available for Appropriation	<u>2,281,702</u>	<u>2,281,702</u>	<u>2,219,647</u>	<u>(62,055)</u>
Charges to Appropriations (Outflows):				
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>36,168</u>	<u>63,832</u>
Total Charges to Appropriations	<u>100,000</u>	<u>100,000</u>	<u>36,168</u>	<u>63,832</u>
Budgetary Fund Balance - December 31	<u><u>2,181,702</u></u>	<u><u>2,181,702</u></u>	<u><u>2,183,479</u></u>	<u><u>1,777</u></u>

**SEVIER COUNTY
BUDGETARY COMPARISON SCHEDULE
AMBULANCE**

For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, January 1	<u>1,370,335</u>	<u>1,370,335</u>	<u>1,370,335</u>	<u>-</u>
Resources (Inflows):				
State Grants	-	13,000	13,025	25
Charges for Services	480,000	480,000	546,556	66,556
Interest Revenue	20,000	20,000	17,834	(2,166)
Miscellaneous	-	-	450	450
Fund Balance	<u>122,695</u>	<u>122,695</u>	<u>-</u>	<u>(122,695)</u>
Amounts Available for Appropriation	<u>1,993,030</u>	<u>2,006,030</u>	<u>1,948,200</u>	<u>(57,830)</u>
Charges to Appropriations (Outflows):				
Public Health	502,695	515,695	512,727	2,968
Transfer To General Fund	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total Charges to Appropriations	<u>622,695</u>	<u>635,695</u>	<u>632,727</u>	<u>2,968</u>
Budgetary Fund Balance - December 31	<u><u>1,370,335</u></u>	<u><u>1,370,335</u></u>	<u><u>1,315,473</u></u>	<u><u>(54,862)</u></u>

SEVIER COUNTY
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

For The Year Ended December 31, 2004

Sources/Inflows and Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.

Differences - Budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.

23 Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.

Uses/Outflows of Resources:

Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.

Differences - Budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

	General Fund	Public Health	Class B Road	Capital Projects	Ambulance
	11,922,697	4,982,426	2,922,501	2,219,647	1,948,200
	(3,644,317)	(760,341)	(1,834,251)	(2,181,702)	(1,370,335)
	<u>(132,000)</u>	-	-	-	-
	<u>8,146,380</u>	<u>4,222,085</u>	<u>1,088,250</u>	<u>37,945</u>	<u>577,865</u>
	7,815,723	4,098,232	802,726	36,168	632,727
	<u>(428,000)</u>	-	-	-	<u>(120,000)</u>
	<u>7,387,723</u>	<u>4,098,232</u>	<u>802,726</u>	<u>36,168</u>	<u>512,727</u>

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is used to assist in formatting, for easier reading)

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

SEVIER COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For The Year Ended December 31, 2004

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash	577,222	10,767,723	10,867,160	477,785
Taxes Receivable	<u>181,020</u>	<u>167,200</u>	<u>181,020</u>	<u>167,200</u>
TOTAL ASSETS	<u><u>758,242</u></u>	<u><u>10,934,923</u></u>	<u><u>11,048,180</u></u>	<u><u>644,985</u></u>
LIABILITIES				
Due to Taxing Units	671,269	10,655,120	10,768,040	558,349
Collections Payable	<u>86,973</u>	<u>98,786</u>	<u>99,123</u>	<u>86,636</u>
TOTAL LIABILITIES	<u><u>758,242</u></u>	<u><u>10,753,906</u></u>	<u><u>10,867,163</u></u>	<u><u>644,985</u></u>

**SEVIER COUNTY
NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2004

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Recreational Facility Tax Fund:

This fund is used to account for taxes collected for the purpose of funding recreational activities in the County.

Narcotics Task Force Fund:

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

E-911 Fund:

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

Building Authority Fund:

This fund is used to construct public facilities in the County and to pay the indebtedness related to the cost of those facilities.

Transient Room Tax Fund:

This fund is used to account for room taxes collected within the County to fund the economic development activities of the County.

DEBT SERVICE FUNDS

Debt Service Fund:

This fund is used to account for monies received for the payment of long-term debt and to make those payments of principal and interest on that debt.

**SEVIER COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2004

		Recreational Facility Tax	Narcotics Task Force	E-911	Building Authority	Transient Room Tax	Debt Service	Nonmajor Government Funds
ASSETS								
Investments - Unrestricted		923,373	88,317	173,797	1,286,983	24,059	38,866	2,535,395
Due From Other Governmental Units		-	4,870	-	-	-	-	4,870
TOTAL ASSETS		<u>923,373</u>	<u>93,187</u>	<u>173,797</u>	<u>1,286,983</u>	<u>24,059</u>	<u>38,866</u>	<u>2,540,265</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accrued Liabilities		12	-	-	-	-	-	12
Total Liabilities		<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
Fund Balances:								
Reserved:								
Bond Reserves		-	-	-	326,093	-	-	326,093
Unreserved, Reported in:								
Debt Service Fund		-	-	-	-	-	38,866	38,866
Special Revenue Funds		923,361	93,187	173,797	960,890	24,059	-	2,175,294
Total Fund Balances		<u>923,361</u>	<u>93,187</u>	<u>173,797</u>	<u>1,286,983</u>	<u>24,059</u>	<u>38,866</u>	<u>2,540,253</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>923,373</u>	<u>93,187</u>	<u>173,797</u>	<u>1,286,983</u>	<u>24,059</u>	<u>38,866</u>	<u>2,540,265</u>

SEVIER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

	Recreational Facility Tax	Narcotics Task Force	E-911	Building Authority	Transient Room Tax	Debt Service	Nonmajor Government Funds
Revenues:							
Taxes	162,390	-	-	-	203,132	603,621	969,143
Intergovernmental	-	135,654	-	-	-	-	135,654
Charges for Services	-	-	123,600	-	89,866	-	213,466
Interest	14,889	1,686	3,788	18,431	230	-	39,024
Fines and Forfeitures	-	12,778	-	-	-	-	12,778
Lease Revenue	-	-	-	248,621	-	-	248,621
Miscellaneous	543	54,404	-	39,878	20	-	94,845
Total Revenues	177,822	204,522	127,388	306,930	293,248	603,621	1,713,531
Expenditures:							
Current:							
General Government	-	-	-	43,064	-	-	43,064
Public Safety	-	212,016	63,386	-	-	-	275,402
Parks and Recreation	20,000	-	-	-	-	-	20,000
Economic Development	-	-	-	-	348,891	-	348,891
Capital Outlay	-	14,632	141,000	-	-	-	155,632
Debt Service:							
Principal	-	-	-	428,000	-	281,000	709,000
Interest	-	-	-	144,484	-	311,095	455,579
Total Expenditures	20,000	226,648	204,386	615,548	348,891	592,095	2,007,568
Excess of Revenues Over (Under) Expenditures	177,822	(22,126)	(76,998)	(308,618)	(55,643)	11,526	(294,037)
Other Financing Sources (Uses):							
Transfer In (Out)	(57,000)	-	-	408,000	40,000	-	391,000
Total Other Financing Sources (Uses)	(57,000)	-	-	408,000	40,000	-	391,000
Net Change in Fund Balance	120,822	(22,126)	(76,998)	99,382	(15,643)	11,526	96,963
Fund Balances - Beginning	822,539	115,313	250,795	1,187,601	39,702	27,340	2,443,290
Fund Balances - Ending	943,361	93,187	173,797	1,286,983	24,059	38,866	2,540,253

**SEVIER COUNTY
TREASURER'S TAX COLLECTION AGENCY FUND
BALANCE SHEET**

December 31, 2004

ASSETS:

Cash Invested	477,385
Cash on Hand	400
Taxes Receivable	<u>167,200</u>
TOTAL ASSETS	<u><u>644,985</u></u>

LIABILITIES:

Due to General Fund	86,636
Collections Payable	<u>558,349</u>
TOTAL LIABILITIES	<u><u>644,985</u></u>

**SEVIER COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES**

December 31, 2004

TAXING UNITS										
County Funds:										
	Real Property Values	Centrally Assessed Values	Total Assessed RDA Value	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
General	506,895,145	172,859,399	13,346,412	666,408,132	.003391	2,259,790	31,037,520	.003424	106,272	2,366,062
State Assessing/Collecting	506,895,145	172,859,399	13,346,412	666,408,132	.000180	119,953	31,037,520	.000181	5,618	125,571
Local Assessing/Collecting	506,895,145	172,859,399	13,346,412	666,408,132	.000203	135,281	31,037,520	.000203	6,301	141,581
Total County Funds						2,515,024			118,191	2,633,215
Sevier School District	506,895,145	172,859,399	13,346,412	666,408,132	.007135	4,754,822	31,037,520	.007470	231,850	4,986,672
Cities and Towns:										
Annabella	13,962,700	453,115	-	14,415,815	.001090	15,713	259,283	.001102	286	15,999
Aurora	20,813,340	1,065,573	-	21,878,913	.001689	36,953	208,651	.001642	343	37,296
Elsinore	14,160,190	505,764	-	14,665,954	.002045	29,992	324,622	.002034	660	30,652
Glenwood	9,547,710	315,643	-	9,863,353	.000860	8,482	84,270	.000872	73	8,556
Joseph	6,125,540	304,063	-	6,429,603	.000750	4,822	117,148	.000750	88	4,910
Kooshareem	8,017,450	349,622	-	8,367,072	.000579	4,845	411,273	.000588	242	5,086
Monroe	42,592,490	1,872,549	-	44,465,039	.001577	70,121	1,171,719	.001575	1,845	71,967
Redmond	13,421,820	572,056	-	13,993,876	.001548	21,663	522,451	.001636	855	22,517
Richfield	192,932,255	10,740,759	13,346,412	190,326,602	.002451	466,491	16,305,237	.002457	40,062	506,552
Salina	56,870,020	3,564,048	-	60,434,068	.002387	144,256	4,650,347	.002394	11,133	155,389
Sigurd	6,808,580	4,335,187	-	11,143,767	.001262	14,063	481,860	.001214	585	14,648
Total Cities and Towns						817,402			56,172	873,574
Special Taxing Units:										
Richfield Redevelopment						-			-	178,308
Landfill						-			-	77,586
Drainage District #1						-			-	11,319
Drainage District #4						-			-	1,092
Total Special Taxing Units						-			-	268,305
GRAND TOTALS						8,087,248			406,213	8,761,766

**SEVIER COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2004

TAXING UNITS	Current Years Taxes			
	Taxes Charged	Treasurer's Relief		
		Unpaid Taxes	Abatements	Other
County General Fund	<u>2,366,062</u>	<u>90,020</u>	<u>23,309</u>	<u>(5,832)</u>
Assessing & Collecting - State	<u>125,571</u>	<u>4,778</u>	<u>1,237</u>	<u>(80)</u>
Assessing & Collecting - County	<u>141,581</u>	<u>5,389</u>	<u>1,395</u>	<u>(125)</u>
Sevier School District	<u>4,986,672</u>	<u>189,409</u>	<u>49,043</u>	<u>5,983</u>
Cities and Towns:				
Annabella	15,999	663	148	(11)
Aurora	37,296	1,232	784	42
Elsinore	30,652	3,861	480	(27)
Glenwood	8,556	328	110	(4)
Joseph	4,910	274	88	(4)
Koosharem	5,086	285	41	(4)
Monroe	71,967	2,400	1,024	(319)
Redmond	22,517	1,226	469	-
Richfield	506,552	20,402	6,249	(584)
Salina	155,389	9,758	2,081	(359)
Sigurd	<u>14,648</u>	<u>622</u>	<u>249</u>	<u>(27)</u>
Total Towns	<u>873,572</u>	<u>41,051</u>	<u>11,723</u>	<u>(1,297)</u>
Other Districts:				
Richfield Redevelopment	178,308	-	-	-
Landfill	77,586	-	-	-
Drainage District #1	11,319	-	-	-
Drainage District #4	<u>1,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Districts	<u>268,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
GRAND TOTALS	<u><u>8,761,763</u></u>	<u><u>330,647</u></u>	<u><u>86,707</u></u>	<u><u>(1,351)</u></u>

Current Years Taxes			Other Collections			
Total Treasurer's Relief	Taxes Collected	Rate	Fee In Lieu	Miscellaneous Collections	Delinquencies	
					Tax	Interest/ Penalty
<u>107,497</u>	<u>2,258,565</u>	<u>95.46%</u>	<u>459,517</u>	<u>63,392</u>	<u>96,499</u>	<u>29,345</u>
<u>5,935</u>	<u>119,636</u>	<u>95.27%</u>	<u>24,392</u>	<u>2,523</u>	<u>5,227</u>	<u>265</u>
<u>6,659</u>	<u>134,922</u>	<u>95.30%</u>	<u>27,509</u>	<u>2,832</u>	<u>5,813</u>	<u>281</u>
<u>244,435</u>	<u>4,742,237</u>	<u>95.10%</u>	<u>966,868</u>	<u>104,100</u>	<u>208,796</u>	<u>9,766</u>
800	15,199	95.00%	5,403	331	482	10
2,058	35,238	94.48%	12,532	732	1,247	63
4,314	26,338	85.93%	9,403	593	2,551	123
434	8,122	94.93%	3,280	183	246	8
358	4,552	92.71%	1,577	97	817	99
322	4,764	93.67%	1,396	102	349	16
3,105	68,862	95.69%	21,962	1,452	3,817	187
1,695	20,822	92.47%	11,295	459	1,666	79
26,067	480,485	94.85%	98,766	9,876	23,547	1,060
11,480	143,909	92.61%	70,757	3,142	8,008	285
844	13,804	94.24%	2,991	298	916	32
<u>51,477</u>	<u>822,095</u>	<u>94.11%</u>	<u>239,362</u>	<u>17,265</u>	<u>43,646</u>	<u>1,962</u>
-	178,308	100.00%	-	-	-	-
-	77,586	100.00%	-	-	-	-
-	11,319	100.00%	-	-	-	-
-	1,092	100.00%	-	-	-	-
<u>-</u>	<u>268,305</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>416,003</u>	<u>8,345,760</u>	<u>95.25%</u>	<u>1,717,648</u>	<u>190,112</u>	<u>359,981</u>	<u>41,619</u>

**SEVIER COUNTY
TAX COLLECTION AGENCY FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2004

	Treasurer's Balance December 31, 2003	Tax Collection Receipts	Current Taxes Apportioned
Tax Collection Accounts:			
Current Years Taxes	-	8,345,760	(8,345,760)
Fee-in-Lieu/Age Based	-	1,717,648	-
Redemption of Prior Years Taxes	-	401,600	-
Miscellaneous Collections	-	174,612	-
Taxes Held for Refund	878	14,924	-
Forest Reserve	86,098	83,859	-
Interest Collections	-	15,500	-
	<hr/>	<hr/>	<hr/>
Total Collections	86,976	10,753,903	(8,345,760)
	<hr/>	<hr/>	<hr/>
Taxing Units:			
County General Fund	-	-	2,258,565
Assessing and Collecting - State	-	-	119,636
Assessing and Collecting - County	-	-	134,922
	<hr/>	<hr/>	<hr/>
Sevier School District	543,567	-	4,742,237
	<hr/>	<hr/>	<hr/>
Cities and Towns:			
Annabella	2,919	-	15,199
Aurora	4,909	-	35,238
Elsinore	5,881	-	26,338
Glenwood	1,833	-	8,122
Joseph	1,020	-	4,552
Koosharem	1,076	-	4,764
Monroe	14,120	-	68,862
Redmond	4,792	-	20,822
Richfield	54,954	-	480,485
Salina	33,658	-	143,909
Sigurd	2,540	-	13,804
	<hr/>	<hr/>	<hr/>
Other Districts:			
Richfield Redevelopment Agency	311	-	178,308
Landfill	138	-	77,586
Drainage District #1	21	-	11,319
Drainage District #4	-	-	1,092
	<hr/>	<hr/>	<hr/>
Total Due Taxing Units	671,739	-	8,345,760
	<hr/>	<hr/>	<hr/>
GRAND TOTALS	758,715	10,753,903	-
	<hr/>	<hr/>	<hr/>

<u>Fee-in-Lieu Apportioned</u>	<u>Prior Years Taxes Apportioned</u>	<u>Motor Carrier and Interest</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2004</u>
-	-	-	-	-	-
(1,717,648)	-	-	-	-	-
-	(401,600)	-	-	-	-
-	-	(174,612)	-	-	-
-	-	-	15,802	13,025	2,777
-	-	-	169,957	86,098	83,859
-	-	(15,500)	-	-	-
<u>(1,717,648)</u>	<u>(401,600)</u>	<u>(190,112)</u>	<u>185,759</u>	<u>99,123</u>	<u>86,636</u>
459,517	125,844	63,392	2,907,318	2,907,318	-
24,392	5,492	2,523	152,043	152,043	-
27,509	6,094	2,832	171,357	171,357	-
966,868	218,562	104,100	6,575,334	6,128,919	446,415
5,403	492	331	24,344	22,232	2,112
12,532	1,310	732	54,721	50,117	4,604
9,403	2,674	593	44,889	40,750	4,139
3,280	254	183	13,672	12,580	1,092
1,577	916	97	8,162	7,208	954
1,396	365	102	7,703	7,063	640
21,962	4,004	1,452	110,400	99,610	10,790
11,295	1,745	459	39,113	33,433	5,680
98,766	24,607	9,876	668,688	616,454	52,234
70,757	8,293	3,142	259,759	231,772	27,987
2,991	948	298	20,581	18,879	1,702
-	-	-	178,619	178,308	-
-	-	-	77,724	77,586	-
-	-	-	11,340	11,319	-
-	-	-	1,092	1,092	-
<u>1,717,648</u>	<u>401,600</u>	<u>190,112</u>	<u>11,326,859</u>	<u>10,768,040</u>	<u>558,349</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,512,618</u>	<u>10,867,163</u>	<u>644,985</u>

(This page contains no information and
is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sevier County as and for the year ended December 31, 2004, which collectively comprise Sevier County's basic financial statements and have issued our report thereon dated June 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Sevier County in a separate letter dated June 20, 2005.

The Honorable Board of County Commissioners
Sevier County
Page -2-

This report is intended solely for the information and use of the audit committee, management, County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

Compliance

We have audited the compliance of Sevier County with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sevier County's management. Our responsibility is to express an opinion on Sevier County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier County's compliance with those requirements.

In our opinion, Sevier County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Sevier County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sevier County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, County Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2005
Richfield, Utah

SEVIER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended December 31, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Sevier County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Sevier County were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sevier County expresses an unqualified opinion.
6. There were no reportable conditions relative to the major federal award programs for Sevier County.
7. The programs tested as major programs include: Department of Agriculture, WIC, CFDA 10.557; Department of Health and Human Services, Immunization Grants, CFDA 93.268; and Maternal and Child Health Services Block Grant, CFDA 93.994.
8. The threshold for distinguishing between Type A and B programs is \$300,000 of federal awards expended.
9. Sevier County was a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Direct Assistance:			
Department of Agriculture:			
Schools and Roads - Grants to States	N/A	10.665	<u>41,930</u>
Total Department of Agriculture			<u>41,930</u>
Department of Justice:			
COPS Methamphetamine Grant	2003CKWX0240	16.710	<u>475,214</u>
Total Department of Justice			<u>475,214</u>
Total Direct Assistance			<u>517,144</u>
Indirect Assistance:			
Department of Agriculture:			
Pass Thru State Department of Health:			
Local Environmental	042072	10.559	125
WIC Program - Administration	041062	10.557	312,123
WIC Program - Administration	051089	10.557	84,804
WIC Program - Food Instruments (Vouchers)	041062	10.557	<u>1,258,582</u>
Total Department of Agriculture			<u>1,655,634</u>
Department of Housing and Urban Development:			
Passed Thru Six County Association of Governments:			
CDBG Grant	30592	14.228	<u>53,570</u>
Total Department of Housing and Urban Development			<u>53,570</u>

(Continued)

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Justice:			
Pass Thru Commission on Criminal and Juvenile Justice:			
Anti-Drug Abuse	3D06	16.579	69,208
Anti-Drug Abuse	4D06	16.579	<u>75,284</u>
Total Department of Justice			<u>144,492</u>
Department of Environmental Quality:			
Pass Thru State Department of Health:			
Environmental Health	040417	66.468	5,710
Environmental Health	050462	66.605	<u>5,819</u>
Total Department of Environmental Quality			<u>11,529</u>
Department of Education:			
Pass Thru State Department of Health:			
Early Intervention	042074	84.181	30,903
Early Intervention	032175	84.181	<u>37,671</u>
Total Department of Education			<u>68,574</u>
Department of Health and Human Services:			
Pass Thru Six County Association of Governments:			
SSBG - Title XX	N/A	93.667	9,078

(Continued)

SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED

For The Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Health and Human Services (Continued):			
Pass Thru State Department of Health:			
TB Elimination	030331	93.116	3,010
Childhood Immunization Grants	032054	93.268	17,656
Childhood Immunization Grants	042089	93.268	22,789
Childhood Immunizations Grants - Vaccines	N/A	93.268	102,326
Cancer Control	032079	93.283	8,371
Cancer Control	042027	93.283	16,289
Comp Tobacco Program	032079	93.283	25,984
Comp Tobacco Program	042027	93.283	15,461
Tobacco Mini Grant	042027	93.283	127
Biotorism	041374	93.283	257,377
Biotorism	051398	93.283	70,897
STD	041778	93.770	1,400
Consumer Education	032076	93.778	4,749
Consumer Education	042169	93.778	7,539
CHEC	032076	93.778	4,278
CHEC	042169	93.778	2,518
Heart Disease and Stroke	032079	93.945	25,351
Heart Disease and Stroke	042027	93.945	19,652
Cardiovascular Promo	032079	93.991	21,263
Cardiovascular Promo	042027	93.991	9,458
Home Visitation	042089	93.994	1,855
Home Visitation	032054	93.994	5,624
Basic Injury Prevention (PBG)	032079	93.994	5,065
Basic Injury Prevention (PBG)	042027	93.994	2,522
Community Injury Prevention (MCH)	032079	93.994	10,807
Community Injury Prevention (MCH)	042027	93.994	9,689
Injury Mini Grant	032079	93.994	2,590
Injury Mini Grant	042027	93.994	5
MCH	032054	93.994	14,530
MCH	042089	93.994	14,530
Community Based CSH	042074	93.994	18,482
Community Based CSH	032175	93.994	23,108
Total Department of Health and Human Services			<u>754,380</u>

(Continued)

**SEVIER COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Homeland Security:			
Passed Through Utah Department of Public Safety:			
Citizens Corps	2002-CITCORPS3	97.053	8,000
Citizens Corps	202-PLAN38	97.053	7,598
State Domestic Preparedness Equip	DES-2004-LETP-003	97.004	303,202
State Domestic Preparedness Equip	DES-2004-CIT-015	97.004	3,916
State Domestic Preparedness Equip	Part I	97.004	3,268
Total Department of Homeland Security			<u>325,984</u>
Total Indirect Assistance			<u>3,014,163</u>
Total Assistance			<u><u>3,531,307</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Sevier County. The reporting entity, Sevier County, is defined in Note 1 to Sevier County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Sevier County's basic financial statements.

NOTE B - WIC VOUCHERS

Nonmonetary assistance is reported in the schedule for WIC vouchers at the retail value of the vouchers used by the clients for food purchased with the vouchers at retail grocery stores. The total amount used for food during 2004 was \$1,258,582.

NOTE C - CHILDHOOD IMMUNIZATION VACCINES

Nonmonetary assistance for vaccines in the Childhood Immunization Program is reported in the schedule based on the dollar values of vaccines shipped from the Utah Department of Health to Central Utah Public Health during 2004. The total dollar value of vaccines used during 2004 was \$102,326.

**SEVIER COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Year Ended December 31, 2004

There were no prior audit findings.

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

We have audited the basic financial statements of Sevier County for the year ended December 31, 2004, and have issued our report thereon dated June 20, 2005. As part of our audit, we have audited Sevier County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Performance Grant (Department of Health)
- Cash/Fact (Development of Health)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sevier County's financial statements.)

- State Grant (Department of Community and Economic Development)
- Bookmobile Grant (Department of Community and Economic Development)
- Rural Government GIS Grant (Department of Administrative Services)
- Out of State Waste Tires (Department of Environmental Quality)
- Shocap (Governor's Office)
- Child Adolescent School Health (Department of Health)
- Fostering Healthy Children (Department of Health)
- Covering Utah Kids (Department of Health)
- CHEC (Department of Health)
- Cancer Promotion (Department of Health)
- Healthy Utah (Department of Health)
- Case Management (Department of Health)
- Indoor Clean Air (Department of Health)
- Summer Food (Department of Health)
- Cancer Control (Department of Health)
- Early Intervention (Department of Health)
- Local Environmental Health (Department of Health)
- Tobacco Prevention (Department of Health)
- Ambulance Grant (Department of Health)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:


- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Justice Courts
- Other Compliance Requirements

The management of Sevier County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above, which are described in a separate management letter

In our opinion, Sevier County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2004.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

June 20, 2005
Richfield, Utah

**SEVIER COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2004**

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

June 20, 2005

The Honorable Board of County Commissioners
Sevier County
Richfield, Utah 84701

During our audit of the funds of Sevier County for the year ended December 31, 2004, we found a circumstance that, if improved, would strengthen the County's accounting system and control over its assets. This item is discussed below for your consideration.

INTERNAL CONTROLS:

Accounts Payable

Finding:

During our audit of accounts payable we found that the accounts payable detail did not balance with the general ledger.

Recommendation:

We recommend that the County work with the computer software provider to insure that detail accounts payable summaries are properly posted to the general ledger.

Response:

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

We would like to take this opportunity to thank Sevier County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl